

Message Text

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ACTION EA-06

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6349

S E C R E T SECTION 1 OF 2 JAKARTA 1246

LIMDIS

EO 11652: GDS

TAGS: EAID ID

SUBJ: US-INDONESIAN RELATIONS

REF: STATE 18007

FOR ASSISTANT SECRETARY HABIB FROM AMBASSADOR NEWSOM

1. SUMMARY: SITUATION DEVELOPING IN INDONESIA WHICH CLEARLY REQUIRES POSITIVE ACTIONS FROM US TO SUPPORT CONTINUING EXPRESSIONS OF INTEREST. REPORTS FROM WASHINGTON HAVE PERHAPS CAST EXCESSIVE GLOOM LEADING INDONESIANS TO EXPECT CUTOFF EVEN OF AID ALREADY COMMITTED. CHANGED ATTITUDE TOWARD US ALREADY NOTICEABLE. TRADE ACT RESTRICTIONS HAVE COMPOUNDED PROBLEM ALREADY BROUGHT ABOUT BY DECLINING AID AND TREASURY POLICY ON LOANS. INDONESIAN MISSION TO DISCUSS SHIP PROCUREMENT FEBRUARY 18 AND HABIB VISIT AND SUHARTO VISIT TO NORTH AMERICA PROVIDE OPPORTUNITIES REVERSE CURRENT TREND. END SUMMARY

2. DEEPLY APPRECIATE REFTEL WITH OUTLINE OF ACTIONS PENDING RELATING TO INDONESIA. YOUR MEMORANDUM, RIGHT ON TARGET IN ANALYZING OUR PROBLEM, IS PARTICULARLY TIMELY IN VIEW YOUR OWN UPCOMING VISIT.

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3. I FEEL SITUATION IS DEVELOPING HERE WHICH CLEARLY

REQUIRES POSITIVE ACTIONS AS QUICKLY AS POSSIBLE. WITHOUT SUCH ACTIONS I FEAR INDONESIANS WILL BE LESS AVAILABLE TO US AND LESS OPEN TO OUR CONCERNS AND INTERESTS. AID MISSION IS ALREADY EXPERIENCING SOME CLOSED DOORS IN DEVELOPMENT MINISTRY.

4. WHILE SUCCESSIVE VISITORS OVER PAST FEW MONTHS HAVE SOUGHT TO REASSURE INDONESIANS OF OUR INTERESTS, THEY HAVE OF NECESSITY STRONGLY EMPHASIZED UNCERTAIN AND NEGATIVE ASPECTS OF WASHINGTON SCENE. INDONESIAN VISITORS TO US, UNDOUBTEDLY INCLUDING GENERAL IBNU, HAVE CONTRIBUTED TO IMPRESSION OF LESSENING US SUPPORT. WE CANNOT BE SURE INDONESIAN EMBASSY IS REPORTING TOTALLY ACCURATE PICTURE. INDONESIANS INCREASINGLY AWARE THAT, WITH OUR UNCERTAINTIES, WORDS OF REASSURANCE HAVE NOT BEEN MATCHED WITH SPECIFIC ACTIONS. I FEAR THEY ARE SUFFERING FROM AN OVERDOSE OF GLOOM.

5. WE CERTAINLY APPRECIATE VERY REAL PROBLEMS IN WASHINGTON. WE ARE ALSO SYMPATHETIC WITH FEELING THAT INDONESIANS HAVE HAD SUBSTANTIAL HELP FROM US AND MIGHT BE EXPECTED TO BE MORE UNDERSTANDING DURING PERIOD WHEN WE ARE HAVING DIFFICULTIES. FACT IS THAT INDONESIANS, FOR VARIETY OF ECONOMIC AND POLITICAL REASONS OUTLINED BELOW, DO NOT FULLY APPRECIATE OR ACCEPT OUR POSITION.

6. ON MY PART, I HAVE SOUGHT TO ACQUAINT THEM CANDIDLY WITH SITUATION AS I SAW IT IN WASHINGTON, PREPARING THEM FOR FURTHER NEGATIVE DECISIONS IF THESE WERE TO COME ABOUT, WHILE STILL EMPHASIZING THAT US EXECUTIVE LEADERSHIP UNDERSTANDS INDONESIA'S SPECIAL PROBLEMS AND WANTS TO CONTINUE CLOSE AND EFFECTIVE COOPERATION. MY MESSAGE, HOWEVER, SEEMS TO HAVE CONFIRMED OTHER INDICATIONS THAT US GOVERNMENT AS WHOLE IS LOSING INTEREST. PARTICULAR PROBLEMS IN WASHINGTON AND INTERPLAY OF EXECUTIVE AND CONGRESSIONAL ELEMENTS, WHETHER PRESENTED BY US OR BY INDONESIAN EMBASSY IN WASHINGTON, APPEAR TO BE NEITHER ACCEPTED NOR UNDERSTOOD. MALIK'S REPORT TO PRESIDENT SUHARTO AFTER MY LAST CONVERSATION (JAKARTA 660) APPARENTLY EMPHASIZED NEGATIVE ASPECTS

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WITHOUT EXPLAINING SITUATION OR HOLDING OUT HOPE FOR MORE POSITIVE ACTIONS. WE ARE FURTHER HANDICAPPED IN EXPRESSING THE POSITIVE ATTITUDE OF EXECUTIVE LEADERSHIP BECAUSE OF KNOWN ATTITUDE OF US TREASURY TOWARD LOANS TO INDONESIA.

7. APPARENTLY CHANGE IN WASHINGTON ATTITUDE HAS OCCURRED AT TIME WHEN INDONESIANS ARE FACING PROBLEMS OF THEIR

OWN. WHILE THEY HAVE SUBSTANTIAL NEW REVENUES, THEY
HAVE ALSO SUBSTANTIAL REQUIREMENTS FOR THESE REVENUES.
INCREASINGLY THEY ARE COMING TO REALIZE THAT THEIR PLANS
MAY CALL FOR MORE FUNDS THAN THEIR PROJECTED INCOME.
PRESIDENT SUHARTO HAS NO SYMPATHY FOR VIEW THAT INDONESIA
NO LONGER NEEDS AID. BASIC ASSUMPTION OF OUR CHANGE,
IN SHORT, IS NOT ACCEPTED.

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R 300420Z JAN 75
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 6350

S E C R E T SECTION 2 OF 2 JAKARTA 1246

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8. SEG OUSNESS OF PRESENT SITUATION CONFIRMED BY SOLID
REPORTS WE ARE RECEIVING OF WHAT IS BEING SAID AT HIGHEST
LEVELS GOI:

A. US WILL PROBABLY NOT GO FORWARD EVEN WITH
DEVELOPMENT LOANS ALREADY COMMITTED;

B. US WILL PROBABLY ACTIVELY DISCOURAGE AID FROM
OTHER IGGI DONORS;

C. BECUASE OF CONGRESSIONAL ATTITUDES, INDONESIA
CAN NO LONGER DEPEND ON US FOR MILITARY EQUIPMENT;

D. US TRADE BILL RESTRICTIONS WILL MEAN INDONESIA
HAS SERIOUS DISADVANTAGE IN ENTRY IN US MARKET;

E. TREASURY LOAN POLICIES MAY BE EXTENDED TO EXIM BANK;

F. INDONESIA RISKS EMBARRASSMENT AND POSSIBLE SET-

BACKS IF ANY SPECIFIC ISSUE HAS TO GO BEFORE CONGRESS;

9. FOUR RECENT ACTIONS HAVE AGGRAVATED PROBLEM.

A. RESTRICTIONS IN TITLE 5 OF TRADE ACT AGAINST
OPEC COUNTRIES;

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B. INTERPRETATION OF RECENT US STATEMENTS WHICH
INDONESIAN REGARD AS POSTURE OF "CONFRONTATION AND
THREATS" AGAINST OIL PRODUCERS;

C. ANNOUNCED TREASURY POLICY OF DISCOURAGING LOANS
TO OIL PRODUCING COUNTRIES AND NEGATIVE US VOTE ON
LAST TWO ADB SOFT LOANS; RUMORS THAT THIS MIGHT BE
EXTENDED TO EXIM;

D. NEW REQUIREMENT THAT WE ASK INDONESIANS FOR
FORMAL FOREIGN OFFICE NOTE REQUESTING FURTHER VAL
VESSELS BECAUSE OF "CONGRESSIONAL REQUIREMENTS;" PREVIOUS
REQUESTS HANDLED IN HANKAM-DLG CHANNEL.

10. OF ALL OF THESE, TRADE ACT RESTRICTIONS AT MOMENT
APPEAR TO HAVE GREATEST IMPACT NOT SO MUCH FOR ECONOMIC
REASONS BUT BECAUSE RESTRICTIONS HAS TOUCHED SENSITIVE
NERVE OF INDONESIAN SOVEREIGNTY. IF NOT CHANGED, THIS
COULD HAVE FAR-REACHING EFFECTS. GOI DIRECTOR OF OIL
AND GAS, WIJARSO, IN RECENT CONVERSATION WITH EMBASSY
OFFICER, REFERRED TO REVENT AGREEMENT WITH PACIFIC
LIGHTING TO DELIVER LNG TO WEST AT PRICE SUB-
STANTIALLY BELOW SALE PRICE OF JAPAN. HE ASKED RHETORI-
CALLY, "MAYBE WE SHOULD WITHHOLD GOI APPROVAL OF LNG
CONTRACT UNTIL INDONESIA IS ASSURED BENEFITS OF US
PREFERENCES?" UNFORTUNATELY, OUR PUBLIC STATEMENTS TO
DATE ON NEED TO CHANGE TITLE V SPEAK ONLY OF EFFECT IN LATN AMERICA

11. AGAINST THIS BACKGROUND AND IN ADDITION TO DECISIONS
WHICH YOU ARE ALREADY SEEKING, TWO OTHER UPCOMING EVENTS
ARE IMPORTANT:

A. DEFENSE DEPARTMENT HAS AGREED TO RECEIVE
INDONESIAN MISSION TO DISCUSS SHIP PROCUREMENT FEBRUARY 18.
AT HIGH LEVEL INDONESIANS LOOK UPON THIS MISSION AS
INDICATOR OF DEGREE OF US INTEREST. I WOULD HOPE
DEPARTMENT COULD MAKE EVERY EFFORT SEE INDONESIAN MISSION
GIVEN BEST POSSIBLE TREATMENT AND MOST POSITIVE REPLIES
TO REQUESTS POSSIBLE. SUGGEST OFFER BE MADE TO RECEIVE
THEM AT SENIOR LEVEL EA.

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B. YOUR OWN VISIT PROVIDES POINT AT WHICH PRESENT
TREND OF THINKING HERE COULD BE REVERSED. I WOULD HOPE
WE COULD HAVE AT LEAST ONE POSITIVE ACTION BEFORE YOUR
VISIT AND THAT WE COULD DROP WORD THAT YOU WERE BRINGING
SOME GOOD NEWS. RECENT CABLE (JAKARTA 664) REPORTED
INTENTION OF PRESIDENT SUHARTO TO VISIT NORTH AMERICA
IN JULY. SUGGEST AMONG OTHER ACTIONS YOU CONSIDER
REQUESTING AUTHORIZATION TO CONVEY PRESIDENT FORD'S
DESIRE TO SEE PRESIDENT SUHARTO IN WASHINGTON DURING
COURSE OF THIS WORLD TOUR. NEWSOM

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